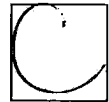


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

W-02113A



Chaparral City Water Co.
Attn: Accounts Payable - G.O.
630 E. Foothills Blvd.
San Dimas, CA 91773

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
----	----	------

RECEIVED

MAY 03 2007

AZ CORP COMM
Director Utilities

FOR COMMISSION USE

ANN04	06
-------	----

5807

COMPANY INFORMATION

Company Name (Business Name) Chaparral City Water Company			
Mailing Address P.O. Box 17030			
(Street)			
Fountain Hills	AZ	85269	
(City)	(State)	(Zip)	
(480) 837-3411	(480) 837-5310	(480) 945-6311	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address Rhanford@gswater.com			
Local Office Mailing Address 12021 N. Panorama Drive			
(Street)			
Fountain Hills	AZ	85268	
(City)	(State)	(Zip)	
(480) 837-3411	(480) 837-5310	(480) 226-3651	
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address Rhanford@gswater.com			

MANAGEMENT INFORMATION

Management Contact:			
Floyd E. Wicks		President	
(Name)		(Title)	
630 East Foothill Blvd	San Dimas	CA	91773
(Street)	(City)	(State)	(Zip)
(909) 394-3600	(909) 394-0711		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address Fewicks@gswater.com			
On Site Manager:			
Robert Hanford			
(Name)			
12021 N. Panorama Drive	Fountain Hills	AZ	85268
(Street)	(City)	(State)	(Zip)
(480) 837-3411 Ext. 217	(480) 837-5310	(480) 226-3651	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address Rhanford@gswater.com			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: United States Corporation Company

(Name)

2338 West Royal Palm Road

(Street)

Phoenix

(City)

AZ

(State)

85022

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Norman D. James, Law Offices of Fennemore Craig

(Name)

3003 North Central Avenue #2600

(Street)

Phoenix

(City)

AZ

(State)

85012-2913

(Zip)

(602) 916-5346

Telephone No. (Include Area Code)

(602) 916-5546

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☒ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	\$34,063	639	\$33,424
302	Franchises			
303	Land and Land Rights	271,857	0	271,857
304	Structures and Improvements	1,518,648	376,155	1,142,493
307	Wells and Springs	332,065	54,932	277,133
311	Pumping Equipment	1,483,614	834,457	649,157
320	Water Treatment Equipment	7,757,814	2,099,307	5,658,507
330	Distribution Reservoirs and Standpipes	8,176,967	2,560,590	5,616,377
331	Transmission and Distribution Mains	17,450,633	5,974,881	11,475,752
333	Services	7,389,930	1,228,978	6,160,952
334	Meters and Meter Installations	2,722,117	1,032,186	1,689,931
335	Hydrants	1,171,633	246,714	924,919
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	1,717,229	262,340	1,454,889
340	Office Furniture and Equipment	270,359	66,702	203,657
341	Transportation Equipment	535,315	140,176	395,139
343	Tools, Shop and Garage Equipment	149,365	43,635	105,730
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment	39,105	25,604	13,501
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	\$51,020,714	\$14,947,296	\$36,073,418

This amount goes on the Balance Sheet Acct. No. 108 

NOTE: * Depreciation expense is net of CIAC amortization and Clearing account allocation portion.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense * (1x2)
301	Organization	\$34,063	0	0
302	Franchises			
303	Land and Land Rights	271,857	0	0
304	Structures and Improvements	1,453,953	3.33%	48,417
307	Wells and Springs	332,065	3.33%	11,058
311	Pumping Equipment	1,406,502	12.50%	175,813
320	Water Treatment Equipment	7,747,081	3.17%	245,517
330	Distribution Reservoirs and Standpipes	8,055,812	2.16%	173,841
331	Transmission and Distribution Mains	16,532,274	2.00%	330,076
333	Services	6,938,513	3.28%	227,338
334	Meters and Meter Installations	2,626,785	6.41%	168,348
335	Hydrants	871,877	1.95%	16,957
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	1,694,435	12.17%	206,148
340	Office Furniture and Equipment	247,268	11.71%	28,945
341	Transportation Equipment	534,742	0.00%	0
343	Tools, Shop and Garage Equipment	145,814	0.00%	0
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment	39,105	0.00%	0
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	\$48,932,146	3.34%	1,632,458

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

NOTE: * Depreciation expense is net of CIAC amortization and Clearing account allocation portion.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$585,582	\$404,691
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	422,007	350,897
146	Notes/Receivables from Associated Companies	879,735	1,053,907
151	Plant Material and Supplies	17,029	14,521
162	Prepayments	172,648	192,485
174	Miscellaneous Current and Accrued Assets	13,667,813	13,200,694
	TOTAL CURRENT AND ACCRUED ASSETS	\$15,744,814	\$15,217,195
	FIXED ASSETS		
101	Utility Plant in Service	\$48,932,146	\$51,020,714
103	Property Held for Future Use		
105	Construction Work in Progress	1,923,770	2,241,397
108	Accumulated Depreciation – Utility Plant	(13,137,449)	(14,947,296)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$37,718,467	\$38,314,815
	TOTAL ASSETS	\$53,463,281	\$53,532,010

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$782,651	\$308,239
232	Notes Payable (Current Portion)	340,309	280,000
234	Notes/Accounts Payable to Associated Companies	2,159,236	1,400,000
236	Accrued Taxes	0	0
237	Accrued Interest	62,142	34,790
241	Miscellaneous Current and Accrued Liabilities	386,301	460,737
	TOTAL CURRENT LIABILITIES	\$3,730,639	2,483,766
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$6,865,000	\$6,585,000
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$0	\$0
235	Customer Deposits	927,022	819,845
252	Advances in Aid of Construction	10,377,960	6,557,243
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	929,523	6,220,754
272	Less: Amortization of Contributions	(8,478)	(31,791)
281	Accumulated Deferred Income Tax	4,165,898	4,070,137
	Other Credits	805,882	647,876
	TOTAL DEFERRED CREDITS	\$17,197,807	\$18,284,064
	TOTAL LIABILITIES	\$27,793,446	\$27,352,830
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$4,603,140	\$4,603,140
211	Paid in Capital in Excess of Par Value	14,925,242	14,929,468
215	Retained Earnings	6,141,453	6,646,572
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$25,669,835	\$26,179,180
	TOTAL LIABILITIES AND CAPITAL	\$53,463,281	\$53,532,010

COMPANY NAME: Chaparral City Water Company

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	See Attached Schedule	See Attached Schedule
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$	\$
	OPERATING EXPENSES	See Attached Schedule	See Attached Schedule
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance		
621	Office Supplies and Expense		
630	Outside Services		
635	Water Testing		
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense		
408	Taxes Other Than Income		
408.11	Property Taxes		
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$	\$
	OPERATING INCOME/(LOSS)	\$	\$
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	See Attached	See Attached

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

	Prior Year *	Current Year
Operating Revenues		
Water	\$ 7,019,051	\$ 7,755,907
Total operating revenues	7,019,051	7,755,907
Supply Costs		
Water for resale	816,592	934,095
Power for pumping	510,091	618,039
Total supply costs	1,326,683	1,552,134
Revenues Less Supply Costs	5,692,368	6,203,773
Operating Expenses		
Other operating expenses	657,209	756,952
General & Administrative Expenses	1,985,571	1,983,106
Maintenance	267,931	319,024
Depreciation and amortization	1,131,345	1,632,458
Taxes on income	657,844	241,774
Property and other taxes	321,964	286,304
Gain on settlement for removal of Wells	(760,000)	-
Total operating expenses	4,261,864	5,219,618
Operating Income	1,430,504	984,155
Interest Income	29,010	64,397
Interest Expense	(478,807)	(543,433)
Net Income	\$ 980,707	\$ 505,119

* Certain prior-period amounts were reclassified to conform to 2006 financial statement presentation.

		Schedule	Schedule
--	--	-----------------	-----------------

COMPANY NAME: Chaparral City Water Company

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	December 1997			
Source of Loan	IDA Bond 1997A & B			
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$8,920,000		\$	\$
Amount Outstanding	\$6,865,000		\$	\$
Date of Maturity	2022			
Interest Rate	4 - 5.4% varies			
Current Year Interest	\$378,970		\$	\$
Current Year Principle	\$270,000		\$	\$

Meter Deposit Balance at Test Year End

\$819,845

Meter Deposits Refunded During the Test Year

\$223,669

COMPANY NAME: Chaparral City Water Company

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-604784(not in service)	125	1500	725	10 3/4	8	1970
55-604785(not in service)	250	1180	765	350-20/415-16	10	1970
55-604786	350	1700	738	450-20/288-16	10	1972
55-604787	250	1100	768	300-20/468-16	10	1972

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
CAP Water Treatment Plant I	3,470	0
CAP Water Treatment Plant II	10,417	2,389,948
Well #10 and #11	2,800	84,590

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
40	4	1,540	n/a
60	2		
75	8		
100 & 125	3		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
3.5	1	10,000	2
1.5	1	5,000	4

1.25	4	3,000	2
0.5 or less	2		

COMPANY NAME: Chaparral City Water Company

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		57,344
5		
6		488,610
8		217,628
10		4,050
12		132,124
16		30,045
18		27,613

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	8,587
1	4,382
1 1/2	162
2	163
Comp. 3	39
Turbo 3	
Comp. 4	9
Tubo 4	
Comp. 6	3
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

COMPANY NAME: Chaparral City Water Company

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED & Purchased (Thousands)
JANUARY	13,052	151,360	171,093
FEBRUARY	13,074	140,780	170,693
MARCH	13,106	132,320	169,197
APRIL	13,129	165,342	204,828
MAY	13,118	175,592	256,017
JUNE	13,222	239,917	268,577
JULY	13,246	232,213	252,889
AUGUST	13,257	182,504	218,532
SEPTEMBER	13,297	177,931	201,340
OCTOBER	13,317	154,327	224,290
NOVEMBER	13,328	181,812	177,767
DECEMBER	13,345	146,115	159,100
TOTAL		2,080,213	2,474,323

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ **Yes** ☐ **No**

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☒ **Yes** ☐ **No**

If yes, provide the GPCPD amount: 128

**What is the level of arsenic for each well on your system. Well #10= 9.3mg/l
Well #11=10.0 mg/l**

(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Chaparral City Water Company YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: **\$260,816**

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____


Chaparral City Water Company

A Subsidiary of American States Water Company

12021 Panorama Drive

Fountain Hills, AZ 85268

 Wells Fargo Bank
 333 South Hope Street
 Los Angeles CA 90071

00007308

11-24

1210(8)

DATE	AMOUNT
10/27/06	\$***121,040.64

VOID AFTER 6 MONTHS

Pay

ONE HUNDRED TWENTY ONE THOUSAND FORTY AND 64/100*****

Dollars

 TO MARICOPA COUNTY TREASURER
 THE PO BOX 52133
 ORDER PHOENIX AZ 85072-2133
 OF

Parcel/Account # 604-99-831-1 2006 First Half Property Tax

@00007308@ 121000248 4496 805110

Chaparral City Water Company

 STUB CHECK NO. 7308
 1 of 1 DATE 10/27/06

INVOICE		PAYMENT ADVICE	GROSS	DISCOUNT	NET
NUMBER	DATE				
1ST HALF 2006 PROP	10/25/06	Parcel#604-99-831-1	121,040.64		121,040.64
Totals			121,040.64		121,040.64

VENDOR NO. NAME

22900 MARICOPA COUNTY TREASURER

Chaparral City Water Company is committed to maintaining the highest possible standard of ethics in its business dealings with others. To help ensure this standard, the company has established an anonymous hotline to report incidents of financial fraud and other unethical business practices. In your dealings with Chaparral City Water Company please report any incidents of fraud or unethical behavior of which you become aware to the hotline at 1-(888) 883-1499. All callers remain anonymous.


Chaparral City Water Company

A Subsidiary of American States Water Company

12021 Panorama Drive

Fountain Hills, AZ 85268

 Wells Fargo Bank
 333 South Hope Street
 Los Angeles CA 90071

00007327

11-24

1210(8)

DATE	AMOUNT
10/27/06	\$*****23.70

VOID AFTER 6 MONTHS

Pay

TWENTY THREE AND 70/100*****

Dollars

 TO MARICOPA COUNTY TREASURER
 THE PO BOX 52133
 ORDER PHOENIX AZ 85072-2133
 OF

Floyd G. Winters

Parcel/Account # 176-17-766B-4 2006 Full Year Property Tax

@00007327@ 1210002481 4496 805110@

Chaparral City Water Company

 STUB CHECK NO. 7327
 1 of 1 DATE 10/27/06

INVOICE		PAYMENT ADVISE	GROSS	DISCOUNT	NET
NUMBER	DATE				
2006 PROPERTY TAX	10/25/06	Parcel#17617766B-4	23.70		23.70
Totals			23.70		23.70

 VENDOR NO. NAME
 22900 MARICOPA COUNTY TREASURER

Chaparral City Water Company is committed to maintaining the highest possible standard of ethics in its business dealings with others. To help ensure this standard, the company has established an anonymous hotline to report incidents of financial fraud and other unethical business practices. In your dealings with Chaparral City Water Company please report any incidents of fraud or unethical behavior of which you become aware to the hotline at 1-(888) 883-1499. All callers remain anonymous.

DATE	AMOUNT
05/01/06	***137,844.80

VOID AFTER 6 MONTHS

Pay

ONE HUNDRED THIRTY SEVEN THOUSAND EIGHT HUNDRED FORTY FOUR AND 80/100*****

Dollars

TO MARICOPA COUNTY TREASURER
 THE PO BOX 78574
 ORDER PHOENIX AZ 85062-8574
 OF

Floyd L. Wicks
Egan

Parcel/Account #604 99 831 1 2005 Second Half Property Tax

⑈00006613⑈ ⑆121000248⑆ 4496 805110⑈

Chaparral City Water Company		STUB CHECK NO. 6613 1 of 1 DATE 05/01/06			
INVOICE					
NUMBER	DATE	PAYMENT ADVICE	GROSS	DISCOUNT	NET
2ND HALF '05 PROPER	04/30/06	Parcel#604-99-831 1	137,844.80		137,844.80
Totals			137,844.80		137,844.80

VENDOR NO. NAME
 22900 MARICOPA COUNTY TREASURER

Chaparral City Water Company is committed to maintaining the highest possible standard of ethics in its business dealings with others. To help ensure this standard, the company has established an anonymous hotline to report incidents of financial fraud and other unethical business practices. In your dealings with Chaparral City Water Company please report any incidents of fraud or unethical behavior of which you become aware to the hotline at 1-(888) 883-1499. All callers remain anonymous.

RECEIVED

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

MAY 03 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	Maricopa
NAME (OWNER OR OFFICIAL) TITLE	Floyd E. Wicks, President & CEO
COMPANY NAME	Chaparral City Water Company

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

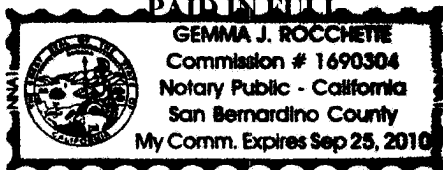
MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



Floyd E. Wicks
SIGNATURE OF OWNER OR OFFICIAL
909-394-3600 EXT. 610
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

30th

DAY OF

COUNTY NAME	<u>San Bernardino</u>	
MONTH	<u>April</u>	<u>2007</u>

(SEAL)

Gemma J. Rocchette
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES

9/25/2010

COMPANY NAME CHAPARRAL CITY WATER COMPANY YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>\$726,471</u>
Estimated or Actual Federal Tax Liability	<u>\$254,265</u>

State Taxable Income Reported	<u>\$126,645</u>
Estimated or Actual State Tax Liability	<u>\$8,825</u>

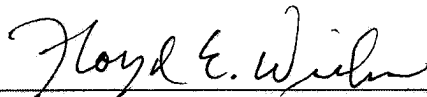
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>\$70,554</u>
Amount of Gross-Up Tax Collected	<u>\$15,121</u>
Total Grossed-Up Contributions/Advances	<u>\$85,675</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE

4-26-07

DATE

Floyd E. Wicks
PRINTED NAME

President and Chief Executive Officer
TITLE

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

RECEIVED

MAY 03 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)
Maricopa
NAME (OWNER OR OFFICIAL) TITLE
Floyd E. Wicks, President & CEO
COMPANY NAME
Chaparral City Water Company

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

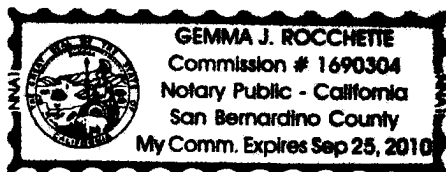
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:



Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 8,533,666

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 777,759
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Floyd E. Wicks
SIGNATURE OF OWNER OR OFFICIAL
909-394-3600 EXT. 610
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 30th DAY OF

COUNTY NAME
<u>San Bernardino</u>
MONTH
<u>April</u>
<u>2007</u>

(SEAL)

Gemma J. Rocchette
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 9/25/2010

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

RECEIVED

MAY 03 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Maricopa	
NAME (OWNER OR OFFICIAL)	Floyd E. Wicks	President & CEO
COMPANY NAME	Chaparral City Water Company	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

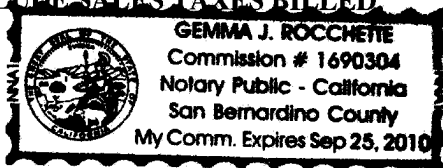
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$7,380,196

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 672,632
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.



SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

30th

DAY OF

Floyd E. Wicks
SIGNATURE OF OWNER OR OFFICIAL

909-394-3600 EXT. 610
TELEPHONE NUMBER

NOTARY PUBLIC NAME	Gemma J. Rocchette	
COUNTY NAME	San Bernardino	
MONTH	April	2007

(SEAL)

MY COMMISSION EXPIRES

9/25/2010

X Gemma J. Rocchette
SIGNATURE OF NOTARY PUBLIC